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SPACE ABOVE THIS LINE FOR RECORDERS USE ONLY

**THIS PROPERTY IS SUBJECT TO AN ENVIRONMENTAL COVENANT IMPOSING  
ACTIVITY AND USE LIMITATIONS PURSUANT TO THE UNIFORM ENVIRONMENTAL  
COVENANTS ACT, IDAHO CODE § 55-3001, et seq.**

### **ENVIRONMENTAL COVENANT**

This instrument is an Environmental Covenant ("Environmental Covenant") executed by Union Pacific Railroad Company ("UPRR"), the United States Environmental Protection Agency ("EPA"), and the Idaho Department of Environmental Quality ("Department") pursuant to the Uniform Environmental Covenants Act, Idaho Code §§ 55-3001 through 3015. This Environmental Covenant sets forth protective provisions, covenants, restrictions and conditions (collectively referred to as "Activity and Use Limitations") on the Property described below. The Activity and Use Limitations are designed to protect natural resources, human health and the environment. UPRR is a "holder" as defined in Idaho Code § 55-3002(6). UPRR, as the current property owner, grants this Environmental Covenant to Holder and the Department.

**Property.** This Environmental Covenant concerns real property known as the Wallace Yard and the Hercules Mill Site, in the County of Shoshone, State of Idaho, legally described as \_\_\_\_\_, [INSERT LOT & TOWNSHIP] (hereafter referred to as "the Property"). The Property is legally described in the attached Schedule A. [attach map if available.]

**Property Ownership.** UPRR hereby represents and warrants to the other signatories to this Environmental Covenant that it is the sole owner of the Property as of the date this Environmental Covenant is executed, holds fee simple title to the Property, and has the power and authority to enter into this Environmental Covenant.

**Reason for Activity and Use Limitations.** Historic mine wastes have been identified on the Property. On \_\_\_\_\_, 2009, UPRR and BNSF Railway Company signed a Consent Decree with the United States and the State of Idaho in *United States of America and State of Idaho v. Union Pacific Railroad Company and BNSF Railway Company*, Civil Action No. \_\_\_\_\_, United States District Court, State of Idaho (the "Consent Decree"), providing for remediation of the Property. The Consent Decree was entered by the Court on \_\_\_\_\_, 2009. This Environmental Covenant is required because the remedy will leave residual concentrations of lead, arsenic, cadmium and zinc in soil and residual concentrations of lead, cadmium and zinc in groundwater underlying the Property. These concentrations may be at or above risk-based

screening levels as determined by the EPA and the Department and for which future use of the Property shall be limited to protect human health and the environment.

Name and Location of Administrative Record. A copy of the administrative record for the Wallace Yard and Spur Lines Site (which includes the Property) can be found at the Wallace Public Library, 415 River Street, Wallace, Idaho 83873 or EPA Field Office, 1910 Northwest Boulevard, Suite 208, Coeur d'Alene, Idaho 83814.

Activity and Use Limitations. By acceptance and recordation of this Environmental Covenant, UPRR, and any successors in interest, are hereby restricted from using the Property, or any portion thereof, now or at any time in the future, as specifically set forth below:

1. A right of access is granted to the EPA, the Department, and their respective representatives for purposes of conducting any activity related to the Consent Decree, including, but not limited to, those activities listed in Paragraph 27.a of the Consent Decree.

2. Groundwater under the Property may not be used for drinking water or other purposes involving direct human contact.

3. The Property is subject to the Basin Institutional Controls Program, codified at IDAPA 41.01.01 and administered by the Panhandle Health Department, including, but not limited to, its requirements for and restrictions or limitations on construction, landscaping, digging or other actions to ensure and protect the integrity of any soil, gravel or vegetated barriers placed on the Property as part of the response action under the Consent Decree.

4. The Property, and any portion thereof, may be used for commercial and industrial uses. The Property shall not be used for residential uses or as a location of a children's school or daycare center.

Each owner of the Property, or any portion thereof, shall be solely responsible for demonstrating that his/her/its use at the time of his/her/its ownership is in conformity with the Activity and Use Limitations. The Activity and Use Limitations are imposed due to conditions resulting from identification of historic mine wastes on the Property.

Amendment by Consent. The Environmental Covenant may be amended by consent pursuant to Idaho Code § 55-3010. Except for an assignment undertaken pursuant to a governmental reorganization, assignment of the Environmental Covenant to a new holder is an amendment.

Termination by Consent. The Activity and Use Limitations shall apply to the Property, or any subdivided portion thereof, unless UPRR, or its successors in interest, applies to the EPA and the Department to have this Environmental Covenant terminated pursuant to Idaho Code § 55-3010 and demonstrates that:

1. the Property or any subdivided portion thereof is shown in an EPA- or Department-approved document not to contain contaminated soils or groundwater; or

2. contaminated soils and groundwater are at levels the EPA and the Department deem in writing to be adequate for the Property to be developed for unrestricted use.

Provisions to Run With the Land. Each and all of the Activity and Use Limitations shall run with the land, and pass with each and every portion of the Property, and shall apply to and bind the respective successors in interest thereof. Each and all of the Activity and Use Limitations are imposed upon the entire Property unless expressly stated as applicable to a specific portion of the Property.

Concurrence of Subsequent Owners Presumed. All purchasers, lessees, or possessors of any portion of the Property shall be deemed by their purchase, leasing, or possession of such Property, to be in accord with the foregoing and to agree for and among themselves, and their successors, that the Activity and Use Limitations as herein established must be adhered to and that their interest in the Property shall be subject to the Activity and Use Limitations contained herein.

Recording/Filing of Environmental Covenant. This Environmental Covenant and any amendment or termination of the Environmental Covenant shall be recorded in the county recorder's office of every county in which any portion of the Property subject to the Environmental Covenant is located. The Environmental Covenant or any amendment or termination shall be recorded by UPRR, or the owner at the time of any amendment or termination, within fifteen (15) days of receipt of this Environmental Covenant signed by all parties. Within thirty (30) days of the recording of this Environmental Covenant, or any amendment or termination, the owner at that time shall provide to the EPA and the Department a copy of this recorded Environmental Covenant, or any amendment or termination of this Environmental Covenant. Upon receipt of the copy of the recorded Environmental Covenant, and any amendment or termination therein, the Department shall post the copy of the fully executed instrument in the Registry as required by Idaho Code Section 55-3012(1). In addition, a copy of the recorded Environmental Covenant, or any amendment or termination, shall be provided by the owner at that time to the following persons: (a) each person that signed the Environmental Covenant; (b) each person holding a recorded interest in the Property; (c) each person in possession of the Property; (d) each municipality or other local government in which the Property is located; and (e) any other person the Department requires. The validity of the Environmental Covenant is not affected by failure to provide a copy of the Environmental Covenant as required under this section. The Activity and Use Limitations set forth herein shall be incorporated by reference in each and all deeds and leases of any portion of the Property.

Enforcement. The EPA, the Department, and any party to the Environmental Covenant shall have authority to enforce the Activity and Use Limitations against the owner(s) at the time of a violation of this Environmental Covenant and any other person(s) then using the Property. Failure to comply with any of the Activity and Use Limitations set forth herein shall be grounds for the EPA, the Department, or their successors, to require that the owner(s) at the time of the violation correct or remove any violations of this Environmental Covenant. Violation of this Environmental Covenant shall be grounds for the EPA, the Department, or their successors, to file civil actions against the owner(s) at the time of the violation as provided by law or in equity, including without limitation, the Uniform Environmental Covenants Act, Idaho Code § 55-3011.

Notice of Conveyance of Property. Within thirty (30) days of the closing of any conveyance of the Property, or part thereof, the conveyor of the Property, shall provide written notice to the EPA and the Department and each municipality or other local government in which the Property is located, the name and address of all the then owners and/or occupants of the Property, or part thereof, conveyed. The EPA and the Department shall not, by reason of this Environmental Covenant, have authority to approve, disapprove, or otherwise affect any conveyance of the Property except as otherwise provided by law.

Notices. All notices required or permitted to be given hereunder shall be in writing and mailed in the United States Mail, postage prepaid, by certified or registered mail, return receipt requested, to the appropriate address indicated below or at such other place or places as UPRR or its successors, the EPA or its successors, or the Department or its successors, may, from time to time, respectively, designate in a written notice given to the others. Notices which are deposited in the United States Mail in accordance with the terms of this provision shall be deemed received three (3) days after the date of mailing thereof.

UPRR:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

EPA:

United States Environmental Protection Agency  
**ATTN:** Clifford J. Villa  
1200 Sixth Avenue, Suite 900  
Seattle, Washington 98101

THE DEPARTMENT: Idaho Department of Environmental Quality

**ATTN:** Joe Nagel  
1410 N. Hilton  
Boise, ID 83706

Costs and Expenses. All costs of terminating this Environmental Covenant, including the cost of any remediation or abatement of any environmental condition related to Activity and Use Limitations pertaining to the Property, shall be borne by the party seeking such termination.

Partial Invalidity. If any portion of the Environmental Covenant or terms set forth herein is determined to be invalid for any reason, the remaining portion shall remain in full force and effect as if such invalidated portion had not been included herein.

Headings. Headings at the beginning of each section of this Environmental Covenant are solely for the convenience of the parties and are not a part of the Environmental Covenant.

Idaho Code References. All references to the Idaho Code sections include successor provisions.

Reservation of Rights. Notwithstanding any provision of this Environmental Covenant, the EPA and the Department retain all of their access and enforcement authorities under any applicable statute or rule. Nothing in this Environmental Covenant shall affect the EPA's or the Department's ability to enforce the terms of the Consent Decree or any other agreement relating to remediation of the Property entered into between the EPA and the Department, on one hand, and UPRR, on the other hand. Nothing in this Environmental Covenant shall affect the obligations of UPRR under the Consent Decree or any other agreement. The EPA's and the Department's acceptance hereunder is based upon the information presently known or available to the EPA and the Department with respect to the environmental condition of the Property, and the EPA and the Department reserve the right to take appropriate action under applicable authorities in the event the EPA and the Department determine new information warrants such action.

Effective Date. The effective date of this instrument shall be the date the fully executed Environmental Covenant is recorded at the county recorder's office.

Signature and Acknowledgments  
Accepted:

Idaho Department of Environmental Quality

Signature: \_\_\_\_\_  
Printed Name: Toni Hardesty  
Title: Director, Idaho Department of Environmental Quality  
Date: \_\_\_\_\_

State of Idaho            )  
                                      ) ss.  
County of Ada            )

On this \_\_\_\_\_ day of \_\_\_\_\_, in the year \_\_\_\_\_, before me, a Notary Public in and for said County and State, personally appeared Toni Hardesty, known or identified to me to be the Director of the Idaho Department of Environmental Quality that executed this Environmental Covenant, and acknowledged to me that the Idaho Department of Environmental Quality executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public for Idaho: \_\_\_\_\_  
Residing at: \_\_\_\_\_  
Commission Expires: \_\_\_\_\_

Accepted:

United States Environmental Protection Agency

Signature: \_\_\_\_\_  
 Printed Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_

State of \_\_\_\_\_ )  
 ) ss.  
County of \_\_\_\_\_ )

On this \_\_\_\_ day of \_\_\_\_\_, in the year \_\_\_\_\_, before me, a Notary Public in and for said County and State, personally appeared \_\_\_\_\_, known or identified to me to be \_\_\_\_\_ that executed this Environmental Covenant, and acknowledged to me that the United States Environmental Protection Agency executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public for \_\_\_\_\_: \_\_\_\_\_  
Residing at: \_\_\_\_\_  
Commission Expires: \_\_\_\_\_

Signature and Acknowledgments  
Accepted:

Union Pacific Railroad Company

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ ) ss.

On this \_\_\_\_ day of \_\_\_\_\_, in the year \_\_\_\_\_, before me, a Notary Public in and for said County and State, personally appeared \_\_\_\_\_, known or identified to me to be \_\_\_\_\_ that executed this Environmental Covenant, and acknowledged to me that the Union Pacific Railroad Company executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public for \_\_\_\_\_: \_\_\_\_\_  
Residing at: \_\_\_\_\_  
Commission Expires: \_\_\_\_\_